

INSTITUTE OF CURRENT WORLD AFFAIRS

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Motivation without Money

47/1 Ngamwongwan Road  
Bangkok 9, Thailand  
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Mr. Richard H. Nolte  
Institute of Current World Affairs  
535 Fifth Avenue  
New York NY 10017

Dear Mr. Nolte,

Improving people's lives throughout the world means change -- that is practically definitional. In the world-wide efforts to achieve change, I am struck by the monomania for economic change and economic means to achieve change. In my last newsletter I mentioned some of the problems with cash as an incentive: it is scarce; its use aggravates maldistribution of income (serious world-wide and growing worse); and it doesn't have much relevance to non-monetized or poorly monetized areas. But let us leave these facts aside for a moment and consider something rather obvious about human behavior: most behavior, including economically relevant behavior, is not motivated by cash incentives. To give some examples: clothing styles; speech patterns and dialects; beliefs about worthy goals in life and the striving after them; work habits; hygiene and health habits; saving and spending, especially use of surplus; use of leisure time.

Let me give a more specific example of how non-monetary, in this case social, incentives motivated behavior which was both risky and distasteful in one contemporary instance. I will quote here from a recent issue of Newsweek reporting Senator Baker's questioning of Bart Porter about his committing perjury:

Baker: Did you ever think of saying "I do not think this is quite right, this is not the way it ought to be"?

Porter: Yes, I did.

Baker: What did you do about it?

Porter: I did not do anything.

Baker: Why didn't you?

Porter: In all honesty, probably because of the fear of group pressure that would ensue, of not being a team player.

A comparable account also comes to mind from the April 5 New York Times, in which Ernest Fitzgerald reported the tremendous group pressures brought to bear within the Pentagon to prevent unpleasant information (in his case on cost overruns) from reaching Congress.

My point here is not to dwell on unfortunate instances of improper official conduct. But these cases permit me to dramatize how non-monetary incentives can provide extremely powerful levers on human behavior, compelling actions which the individuals themselves would otherwise not perform.

Now this hardly comes as news to psychologists, sociologists, and probably just ordinary thoughtful people. But it seems to me of obvious and overwhelming relevance to the attempts to uplift the lives of people throughout the world -- I refer not only

to economic development but to the broader kinds of institutional changes which I discussed in my last newsletter. I find it difficult to reconcile what we know, or can easily learn, about changing human behavior, with the preoccupation -- you might call it obsession -- in the developmental literature with economic motivation, economic growth, capital investment, input/output ratios, etc. It seems to me that this whole trend of analysis and policy response treats as constants what are the most important variables in the processes we are concerned with. We are, so to speak, putting high-test gas in the engine to speed it up while ignoring the fact that it is firing on only two cylinders.

Having said this much about the general nature of the problem, I would now like to describe some real-life situations in this region where non-cash motivational methods are used in the service of social change. As with perjury on the previous page, I am not advocating the particular goals or methods employed here -- I just want to show the extent of what can be done, the limits, and who benefits by various kinds of arrangements.

The first approach is one employed by the Thai government in its rural community development projects. It attempts (where possible -- the program is controversial) to involve the local Buddhist monks in the development efforts, so that their influence can be brought to bear on villagers to take part in ways, or to an extent, they might not do otherwise.

It might be helpful to describe briefly the local context in which these efforts take place. Rural communities are formally headed by a villager selected from the village to serve a term of five years (though in practice election is for life). The headman receives a minute stipend from the government, in return for which he carries out certain administrative responsibilities. His official powers are very limited, and he remains a villager -- the job leads nowhere. The other two local representatives of the external power structure are the local teacher, a civil servant employed by (and sent from) the Ministry of Education, and the local priest or head of the village temple.

For reasons which do not concern us here, the Bangkok authorities are interested in carrying out various development projects, i.e. constructing certain artifacts such as roads, for which funds are not sufficient to hire the labor required. The problem is thus one of inspiring rural people to do something they would not do otherwise. Experience reveals that it is not enough for the village headman to issue an order for all villagers to assemble to carry out the work. Thus often the standing of the local Buddhist priest is invoked to motivate villagers to cooperate.

The resulting cooperation is often explained by the desire of individuals to acquire "merit" in accord with the beliefs of the Theravada Buddhist faith. Anthropological investigators have concluded, however, that much of the participation in religious activities (or in activities which religious leaders endorse) is motivated by a desire for social approval or some other kind of enhanced standing in the local community (there is nothing particularly Buddhist about this, of course -- consider what it does for your business or credit standing to be active in a high-status Protestant denomination in the U.S.!).

One investigator of this effort to employ the monkhood to stimulate development noted that "Of all the formal and informal positions in the village social structure, the position occupied by the village priest, without a doubt, ranks the highest in

terms of the village prestige/respect/influence scale, clearly outranking the positions of headman and school principal." It is on this influence that the Bangkok authorities seek to trade.

I should note here in passing, because it is central to a point I want to develop later, that the relatively greater influence of the priest than the headman is not hard to understand: it results from the villagers' perceptions (at this time) that the priest has a more important "linkage role" (excuse the jargon) to important outside forces than does the headman. That is, villagers perceive that the priest can deal more powerfully with powerful outside forces (local and national political spheres, the supernatural world) than can the headman. It is essential to understand this in order to understand what would increase the influence of a role such as that of the headman's. Put another way, we must understand this in order to understand why the institution of village government is as ineffective as it is, for example, as an agent of social change.

In any case, let me quote part of the investigator's report to illustrate the influence of the Buddhist priests, i.e. the effectiveness of a non-cash motivational system.

The observational studies conducted in the area clearly reveal that the achievement of many of the important village improvements, relating for example to road, school and water supply systems, was largely due to the efforts of certain energetic local priests. Two telling examples may be cited.

In Amphur [district] Phina, Ubon province, two villages had agreed to collaborate in constructing a six-kilometer road that would link both villages to the ARD [Accelerated Rural Development] road then under construction. The contemplated village road, it developed, would cut across the property of several village families. Most of these families readily agreed to donate the affected land, but a few families refused to do so.

After many unsuccessful attempts by the local secular leaders to secure the cooperation of these latter families, the abbots of the two villages involved were approached for their assistance. When the abbots personally appealed to the heads of the hold-out families, all resistance melted, and the villagers all joined in completing the construction of the road.

The second example comes from a village in Udorn province. There the acceptance by the local abbot of the position of "honorary treasurer" of the campaign fund for the construction of a local bridge resulted in the fund being oversubscribed by the local people. Until the abbot had lent the weight of his prestige and influence to the campaign the local secular leaders were unable to secure the necessary monetary contribution from the people.

What are the lessons from these incidents? First is plainly that something was motivated without the need for cash expenditure. Indeed, in one case cash was actually extracted, obviously a more pleasant means than taxation or confiscation. A second point which needs emphasis is that there was nothing uniquely religious about the process; it could be duplicated in a secular context. The principle employed here was simply convincing the respected leaders of a coherent social group to serve as mediators between the local members of the group (a rural Thai village) and outsiders who wanted the local people to do something (the authorities in Bangkok). Such groups exist already among almost any fixed community, and they are usually particularly coherent in rural "underdeveloped" and especially poorly monetized areas, with which we are particularly concerned.

To compare different possible approaches, we ought to ask several questions about this process. First, what do the local people get out of it? In this case, they get social approval for cooperating. (As a byproduct they get a road or a bridge.) What do the mediators get? Here they were Buddhist priests; presumably they complied with the request of the outsiders in order to fulfill their self-perceived role as (in one view anyway) agents of uplift for the villagers in their care. This is important since compliance out of obligation to an ideology or a religious doctrine permits passing only certain messages to the local community -- and here is an important limitation on using religious hierarchies as agents of social change. What do the outsiders get from the process? They were the ones who wanted the road and the bridge, which is what they got.

We would also want to ask what each participant had to put into the process. The villagers had to put in labor, land, or cash. They did, and considered it worthwhile in exchange for the approval. The priests had to use some of their limited fund of influence for a given project, which they judged consistent with the message they were instructed to carry. The outsiders got the best deal: they inspired everyone else to behave in ways they wanted, without having to put in anything at all. (Alternatively, we might say they had to use some of their limited fund of influence with the priests.)

With this example in mind I would now like to consider a completely different situation, in which the same technique of non-cash motivation is used. It differs in many other respects, though, which I believe will help us learn a lot about the process in general. The situation I plan to discuss is the development of a counter-government in a number of weakly-ruled rural areas of Thailand, an actual revolutionary administration. This revolutionary administration accomplishes changes broader in scope than those sought by the Bangkok authorities, and it uses broader incentives -- but still not cash ones.

I should note here that it was study of a similar situation in Vietnam that initiated my interest in non-cash motivational methods of social change. At the time I was concerned with the amazing motivation of revolutionary military forces in Vietnam, a motivation which is often explained in terms of fanaticism or terror. As I studied the methods used I came to see that many kinds of currency were used to motivate the remarkable performance demonstrated on the battlefield -- but not cash, which was provided in quantities just barely sufficient for subsistence. As I studied the situation a bit more I found that many of the motivational methods used in a military context to evoke effort were also used by revolutionary movements or governments to bring about social change, and to accomplish labor-intensive infrastructure projects without the use of money wages. What I want to illustrate now is how such a revolutionary administration in Thailand motivates both men and social change, without cash. Some of its techniques are similar to those employed by the Bangkok authorities, and some are not.

The revolutionary leaders would like to bring about new kinds of behavior, for example collective labor projects, new kinds of participation in political institutions, new agricultural techniques, different uses of each family's economic surplus. Furthermore in order to protect their areas they would like to motivate participation in military or quasi-military activities. They have little or no cash for these purposes and furthermore they are opposed to cash motivation both on ideological grounds and for the undesirable distributive consequences which capitalist economists have also noted.

The revolutionaries employ two non-cash mechanisms which I want to compare here with those used by the Bangkok authorities. The first is social approval, like the use

of the priesthood's influence in government areas. As far as I have been able to determine, however, they prefer to use secular leaders for their purposes. The procedure is to locate informal community leaders, that is, those who are respected and influential, even though not holding some official post. They are persuaded to cooperate in the effort, to act as the kind of "mediators" I spoke of earlier. Through their influence villagers will be led to do the kinds of things they would not have done otherwise, for example to form local self-defense groups, to form village economic cooperatives, to begin new hygienic practices, etc.

The local informal leaders will reward this kind of behavior by orchestrating local opinion to praise those who innovate: this can range anywhere from simple word-of-mouth approval to organized festivities especially for the occasion, even to awarding special titles or honorific positions to outstanding individuals. (You may recall the "Stakhanovites" from revolutionary Russia -- the method is the same.)

The effectiveness of this technique is determined by the degree to which the selected mediators are indeed "informal leaders" i.e. the extent to which people spontaneously respect and follow them. This quality of leadership is personal in nature, and while we always want to take advantage of natural leadership where it exists, we really don't want to be limited by some random process outside our control either. To overcome this problem the revolutionaries adopt one of the types of institutional changes that I discussed in my last newsletter: they take steps to enhance the influence among villagers of local secular leaders such as the village headman described earlier. I suppose everyone is looking for a way to do this. Myrdal spoke, in the paragraph I quoted last time, of using coercion. But that is self-defeating. Actually it is not hard to do at all, although the means appears somewhat paradoxical. The revolutionaries increase the influence of the local leaders among their people by increasing their influence vis-a-vis the outside world. It's that simple.

Let me spell this out in more detail. A short while ago I described the reason for the greater influence of the priest over the headman: villagers perceive the priest as more powerful vis-a-vis outside forces that the villagers want to bend to their own purposes. The principle is plain: I will give respect and compliance to those individuals who are in a position to say a good word for me with some third party (including the next world). The village headman doesn't count for much, and the villager knows it, with those who have the real power in the rural areas: the district-level representatives of the civil service. These are people appointed and sent from Bangkok, and they control the disposition of resources, the dispensing of justice, the issuance of land title deeds, and so forth. Villagers do comply with what the district officer says, but he cannot really be the cutting edge of rural change or development, since there is only one of him for perhaps 200 villages.

As between the priest and the headman, the priest gets his influence from his influence over the next world. As between the government headman and the revolutionary headman, the latter gets his influence by increasing his power over this world. That is, the revolutionary leaders, in their system, permit "their" headmen to share in some of the kinds of decisions which would be made unilaterally under the Bangkok system by the district officer or his superiors. What they thus do is to push the level of powerful influence of elites further into the population -- since there is one headman per village, compared to one district officer per 100 or sometimes many more villages.

Actually the revolutionaries go a bit further than this, but I wanted to get the principle established first. What they do to amplify even this expanded penetration of elites into the population is to replace the government headman by a committee of people, jointly responsible for decisions at the local level. This is a means of yet further expanding local influence, since instead of one person with a network of followers in a village, you might have five persons, each with his own influence networks, say among women, farmers, young people, the elderly, etc. Also, the revolutionaries go a step further and change the source from which the "district officer" category of people is chosen: rather than being recruited from Bangkok, they are recruited out of the active people in the villages.

What can we say about a comparison between these approaches? This is the most difficult part, and one I am seeking more information on. It seems clear that the Bangkok authorities have been somewhat successful in using mechanisms of social approval to stimulate the construction of artifacts in the rural areas. Certainly many roadbuilding projects have been completed in this way, saving scarce cash from the national treasury and avoiding the unfortunate distributive consequences of cash motivation. The people involved have plainly felt a sense of well-being from participating in this way, and it is likely that the facilities thus constructed will be better maintained than if they had been built by contract labor from outside the local areas. The couple of sources I have checked so far indicate that this approach has been less successful in stimulating the adoption of new behavior habits e.g. in regard to personal hygiene.

It is more difficult to get reliable information on the effectiveness of the revolutionary movement's methods, but fragmentary sources suggest that as far as artifacts go, the revolutionary movement is equally successful. These sources also suggest that the scope of its success is broader. For example, it is known that effective labor exchange teams, and effective purchase and sale cooperatives are established in revolutionary areas, something the government has had difficulty with in its own areas. Some of the "indicators" of revolutionary presence are also suggestive: disappearance of drug addiction; disappearance of bandits and cattle rustlers; obvious improvements in personal hygiene such as use of soap and toothpaste; unusual cleanliness of houses and villages. That is, police and military personnel are instructed to observe whether these characteristics are present without any activity on the part of the government, and that is considered to be an indication of the presence of revolutionary organization. This suggests to me that the motivational techniques of the revolutionary movement are effective not just for "development" i.e. more artifacts, but also for change, i.e. in social behavior and in institutions.

What is the meaning of all these facts? I don't want to lay down any rigid rules, but one inference is certainly consistent with this data from Thailand: serious social change requires more than just the mechanism of social approval, and it requires going beyond existing structures (e.g. the religious hierarchy in Thailand). The Bangkok authorities utilize social approval, and religious mediators, and get artifacts, quite successfully. They would like to establish effective cooperatives, improve health and sanitation practices, reduce thievery and corruption, and perhaps redirect some economic surplus from ritual expenditure into economically productive investment. These things are accomplished by the revolutionary movement, but it goes further than the Bangkok authorities: it shares power much further down than do the Bangkok authorities; it recruits its people from different social groups; and it concentrates on secular rather than religious mediators. Thus it seems to be able to inspire broader and more energetic participation in its limited areas, and it is not limited in the kinds of messages the mediators are willing to transmit. For example, one possible goal of

social and economic modernization might be a redirection of ritual expenditures. It also might be difficult for a religious mediator to transmit this message to his followers -- although we cannot be rigid about this, for Buddhism itself was a revolutionary faith at the time of its founding, in reaction to then perceived excesses of Hinduism. And Weber's famous observations on the economic consequences of Protestant belief need no repeating.

What about the distribution of costs and benefits? In qualitative terms we can see the differences pretty clearly. Under the government system, the villagers will obtain some physical development of local facilities, such as roads, wells, schools and electricity. Social change, that is, a decisive alteration in the ways people interact with one another, does not seem to be transmitted by this mechanism. What do the mediators get? The village headman will receive satisfaction from accomplishing village tasks, as well as his monthly stipend (about \$4.00). The village priest will similarly derive a sense of well-being from taking part in and leading cooperative village activities. The people higher up receive much more substantial rewards. Thus the district officer, under whose supervision all these efforts take place, gets even greater satisfaction from the great power which he wields, and also from the considerable deference he is given everywhere, all day. (Examples: respectful terms of address, ceremonial receptions whenever he visits, seeing people dip their head beneath his as they pass him, etc.) He also has, in addition to this psychic income, the prospect of promotion upward into ever more powerful and higher-status positions. As we move to the capital city, we find that the rewards are greater still. Here are located the senior people in the district officer's bureaucracy: they receive far greater amounts of deference, have far greater authority, and also receive substantial financial income. Moreover, since we are speaking of a system emphasizing economic growth, economic incentives, and physical artifacts (much funded by foreign donors), these must all flow through the capital city and the bureaucracies located there. A certain percentage must be retained for overhead and administrative expenses, so the capital, and the offices and people there, will be well supplied with jeeps, radios, phones, air-conditioners, etc.

What about the alternative system? Under it the villagers receive less physical construction, so far as we can see in Thailand. However, they seem to receive more in the way of the social goals which the Bangkok authorities have declared they would like to achieve themselves, such as more saving, more cleanliness, better health, improved literacy, better public security, etc. In short, more social change. The villagers, as an adjunct to getting these things, also get greater participation in the decision process (since this was the means to motivate the changes in the first place). This is the kind of participation which the U.S. Congress was talking about in Title IX. Because of the changed recruitment system, they also get a shot at becoming members of the political and administrative leadership, that is, they can become "district officers." Under this system the position of the mediators changes considerably as well, since they are given considerably more power over their "superiors" in order (paradoxically, as I said) to enhance their power and influence over the villagers. Thus in addition to the feelings of satisfaction which the government headman and village priest get from doing their jobs, they also get some of the deference and influence which were reserved to the district officer under the Bangkok system. In other words, the distribution of benefits has moved down one level at least. I don't have good information on what happens to the higher levels in this system, but from this information two things are clear. First, since the lower levels have more power over the higher, the higher levels do not get as much psychic income from their jobs as their counterparts do under the Bangkok system. Second, since there is less emphasis on physical artifacts, fewer physical resources flow down through the system

and thus fewer have to be retained at the top levels to cover overhead and administrative charges.

Now let us look at some of the trade-offs involved in this process. We are plainly discussing a continuum of possible measures which might be employed to motivate behavior, and one, some, or all might be employed depending on how much change one wants and who he wants to pay the costs. It gets difficult here because it is notoriously hard to quantify the payoffs from public programs. I am going to take some crude estimates, because what I want to show is not the exact quantitative relationships but the shape of the tradeoffs.

From what I know of the revolutionary areas in Thailand, I think that using the full set of non-cash motivational techniques described here it would be possible to double the rate of change, by any number of indices, e.g. annual rate of increase in literacy, annual rate of increase in use of certain sanitation measures, of numbers of people in functioning cooperatives, etc. Say that all of these programs throughout the country are now costing 100 million dollars per year. To double the rate of increase by current methods the "money-minded" economists from the World Bank might say, we need to add another 50 million dollars.

What is apparent to me from this argument is that you could get the same increment of change, without paying the money, by the kinds of institutional changes described. What would it cost? The crucial nexus seems to be that between the district-officer level and the villages. In order to motivate the villagers the equivalent of our 50 million dollars, you could take away some of the power, and some of the deference, from the district officers and people who work with them. There are about 700 districts in the country, and let us say there are ten people in each who would lose some psychic income (no money, mind you). As a really rough guess, then, you could take away some of the benefits from 7,000 people, and offer them to about 100,000 others, and get the same thing as spending 50 million dollars of the World Bank's money. You might take less, you might take more, maybe from more people and maybe from fewer, but that is the general shape of the tradeoff. I think it ought to be seriously considered by those in the business of economic development and social change.

In the future I hope to get a better grasp on these estimates, and perhaps develop some specific examples. I think I have been conservative here, though. In fact, I think it fair to say that under the present system, certain kinds of social change which the Bangkok authorities have declared they favor can never be accomplished. Fortunately there do seem to be ways, such as I have described here, and I plan to refine my descriptions as I get more data. The point I want to emphasize, however, is that social change means social change. It is not enough to add resources. If people want change, then they must be prepared to change things. Pardon the repetition, but after a couple of decades of rhetoric, the message has not yet sunk in.

Sincerely,

Jeffrey Race